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ANNUAL REPORT
OF
THE C. O. BARTLETT & SNOW COMPANY

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Fiscal Year Ending December 31, 1949

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CLEVELAND, OHIO
U. S. A.

THE C.O. BARTLETT & SNOW COMPANY

DESIGNERS AND BUILDERS OF
MATERIAL HANDLING AND PROCESSING EQUIPMENT

6200 HARVARD AVENUE
CLEVELAND 5, OHIO, U.S.A.

February 27, 1950.

To the Shareholders:

The Balance Sheet setting forth the Company's financial condition at the end of 1949, together with a Condensed Comparative Summary is attached hereto. These were prepared by Urban F. von Rosen, C.P.A., who was again commissioned to make the Company's audit.

The total net income for last year was \$154,413.10, made up of \$130,918.06 from plant operations and \$23,494.24 from other Company activities, this resulting in an increase in our working capital of \$98,223.90.

Expenditures up to \$60,000.00 were approved for both equipment and facilities - also modernization of standard products and catalogs.

A dividend of \$1.75 per share was paid on the Preferred Stock for the first quarter, and \$1.25 per share for the last three quarters of the year. Common stockholders received a cash dividend of \$1.50 per share and a stock dividend representing 3.4 per cent of their holdings thereof.

Billed sales for 1949 and backlog of orders as at December 31, 1949 were both less than in 1948, billed sales being less by \$938,650.38 and backlog by \$201,124.56. Lack of adequate backlog imposes a real challenge to increase both our booked and billed sales for 1950, and we are reasonably confident at this time this can be done.

From present indications we are hopeful a large portion of new business will result from sales of Dryers, Calciners, Kilns and Coolers. We continue to believe this department will always have the greatest potential possibilities for continued increase in yearly sales.

The Foundry Division at this time is working on some unusually attractive prospects which might result in that division's sales greatly exceeding any previous year's foundry business.

Public utility power plants continue to be planned, and we are anticipating receiving many sizable orders from that source.

Our Corn Sheller Division is expected to exceed its past sales performance, and, if general business is reasonably good, we should continue to receive many small orders not requiring shop labor; also a good volume of repair parts and smaller orders for new equipment which absorb considerable shop labor and incidental operating expenses.

To make possible the above sales possibilities, more than just alertness by those in the Sales Department is necessary ... it requires cooperation on the part of each person in our respective divisions, to the end that estimates are made promptly and intelligently, and that by analyzing the requirements for the work involved, it can be anticipated when making our bid that prices are competitive for comparable quantity and quality ... that engineering can be commenced and completed promptly... that manufacturing can be done within the estimated costs, and assurances given the Sales Department that shipments can be completed at an early date.

To aid in reducing production costs, we have planned to improve our facilities by modernizing methods and purchasing new equipment, but however valuable this proves to be, in the end the greatest reduction in our engineering and manufacturing costs will be mainly attributable to the initiative and ingenuity shown by the respective department heads and their supervisors who are in control of our plant operations and responsible for directing others, and determining how all work can be done most economically.

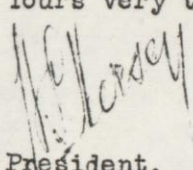
We believe you fully realize the Company's need for adequate working capital if it is to continue to operate successfully and competitively, and a further need therefor to provide additional plant facilities and sales personnel to warrant expanding our activities.

With this before us and being aware that general business at the moment is rather unpredictable, and realizing we are burdened with many unforeseen expenses and increases in costs for taxes, services, equipment and supplies, it is imperative that every effort be made to reduce each controllable item of expense to its lowest possible point consistent with the services necessary to be rendered for procuring business being offered and required thereafter.

To give you some idea of what expenditures were involved in doing business last year, we have prepared an analysis of same which also shows the average daily cost each represented. Said analysis is attached hereto.

We are very pleased to report that the Company's personnel is of high order and has served it well, and that our cash position is reasonably good.

Yours very truly,


President.

THE C. O. BARTLETT AND SNOW COMPANY

BALANCE SHEET AS AT DECEMBER 31, 1949

ASSETS

Current:

Cash		\$ 176,881.08
Temporary Cash Investments & Accrued Interest		352,459.16
Accounts Receivable - Customers	\$286,057.99	
Less: Allowance for Doubtful Accounts	<u>3,500.00</u>	282,557.99
Inventories:		
Raw Materials	176,323.69	
Contracts in Process	142,744.58	
Finished Stock	<u>109,845.67</u>	428,913.94
Total Current Assets		<u>\$1,240,812.17</u>

Other:

Accounts Receivable and Advances -		
Miscellaneous	3,664.84	
Expense Orders in Process	814.78	
Deposits on Bids and Specifications	<u>626.55</u>	5,106.17

Cobwell Reduction Company, Inc. - 51% Owned

Capital Stock - Common - at Cost		510.00
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Permanent:

Land	78,376.14	
Plant and Equipment - as Appraised -		
for Depreciated Cost -	538,747.59	
Patents and Drawings	<u>1.00</u>	617,124.73

Deferred:

Insurance Deposit - Protection		
Mutual Fire Insurance Company -		
Less Note Secured Thereby	2,110.34	
Other Unexpired Insurance	2,361.17	
Air Travel Card Deposit	425.00	
Prepaid Interest	<u>225.82</u>	5,122.33

TOTAL ASSETS

\$1,868,675.40

THE C. O. BARTLETT AND SNOW COMPANY

CONDENSED SUMMARY OF INCOME

LIABILITIES AND CAPITAL

Current Liabilities

Estimated Federal Income Taxes Payable	\$ 91,784.70
Accounts Payable - Trade	59,084.76
Accrued Wages and Commissions Payable	24,449.75
Taxes - Other Than Federal Income - Accrued and Payable	23,828.94
Provision for Further Costs on Contracts	18,650.00
Accounts Payable - Miscellaneous	9,576.29
Total Current Liabilities	<u>227,374.44</u>

Capital:

Capital Stock - 5% Preferred - \$100.00 Par Value	
Authorized - 1,680 Shares	
Issued - 1,034 Shares	\$103,400.00
Capital Stock - Common - No Par -	
Declared Value - \$10.00 per share	
Authorized - 20,000 Shares	
Issued - 14,959 Shares	149,590.00
Scrip - Redeemable by 10-1-50	<u>360.68</u>
	253,350.68

Surplus:

Surplus from Appraisal:			
Land	\$ 30,866.00		
Plant & Equipment -	303,283.85		
Patents & Drawings	<u>1.00</u>		
	334,150.85		
Paid-in Surplus	111,775.00		
Earned Surplus	821,234.98		
Reserve for Equipment and Facilities	64,789.45		
Reserve for Modernizing Standard Products and Catalogs	30,000.00		
Reserve for Deferred Excess Profits Taxes	<u>26,000.00</u>	<u>1,387,950.28</u>	<u>1,641,300.96</u>
<u>TOTAL LIABILITIES AND CAPITAL</u>			<u>\$1,868,675.40</u>

THE C. O. BARTLETT AND SNOW COMPANY

CONDENSED SUMMARY OF INCOME

	<u>1948</u>	<u>1949</u>
Charges to Customers for Equipment Sold and Services Rendered	<u>\$3,262,200.09</u>	<u>\$2,323,549.71</u>
Cost of All Materials, Supplies, Services, Labor and Expenses Necessary to Make the Company's Products Available for Sale	2,377,721.45	1,657,732.97
Cost of Services, Supplies, Labor and Expenses Necessary to Engineer the Company's Products and to Induce the Customers to Buy	307,714.79	297,696.57
Costs of General Administration	<u>142,083.15</u>	<u>156,273.78</u>
Total Plant, Engineering and Administrative Costs	<u>2,827,519.39</u>	<u>2,111,703.32</u>
Net Earnings from Operations - Before Federal Income Taxes	434,680.70	211,846.39
Estimated Federal Income Taxes	<u>165,604.57</u>	<u>80,927.53</u>
<u>Net Earnings from Plant Operations</u>	<u>269,076.13</u>	<u>130,918.86</u>
Income from Sources Other Than Plant Operations	66,749.45	34,351.41
Estimated Federal Income Taxes on This Income	<u>12,141.54</u>	<u>10,857.17</u>
<u>Net Other Income</u>	<u>54,607.91</u>	<u>23,494.24</u>
<u>Total Net Income</u>	<u>\$ 323,684.04</u>	<u>\$ 154,413.10</u>

EXPENDITURES FOR DOING BUSINESS IN 1949

			Aver. Daily Expenditures Based on 250 <u>Days Per Year</u>
Cost of Materials Used		1,109,812.59	4,439.25
Straight-time Payroll	858,746.59		
Vacation & Holidays Paid for	33,917.41		
Christmas Bonus	13,077.25		
Training Program	14,059.38		
Overtime Premium	<u>6,135.67</u>	67,189.71	925,936.30
			3,703.74
Advertising	37,396.21		149.58
Traveling	32,861.01		131.44
Supplies Other Than Fuel	28,085.50		112.34
Miscellaneous Items	25,130.64		100.52
Errors & Allowances	21,959.22		87.83
Taxes Other Than Federal and Payroll	21,825.50		87.30
Depreciation	18,607.60		74.43
Power, Light and Heat	17,018.56		68.07
Repairs & Maint: Bldgs.			
" " " Small			
Tools, Dies, Patt., Yards			
Telephone and Telegraph	13,160.17		52.65
Payroll Taxes, Unemployment Comp. & Social Security (Company Portion)	11,057.33		44.23
Standardization	9,756.79		39.03
Insurance - General	6,354.12		25.42
" - Group	5,490.62		21.96
Association Dues	3,924.98		15.70
Legal, Patent & Trademarks	2,877.76		11.51
Tests and Experiments	2,582.75		10.33
Conventions	2,530.24		10.12
Donations	2,460.00		9.84
Postage	2,238.29		8.95
Bad Debts	931.87		3.73
Trucking Purchased	889.13		3.56
Collections & Exchange	826.22		3.30
Furniture	<u>507.18</u>		<u>2.03</u>
		<u>299,033.31</u>	<u>9,339.12</u>
		2,334,782.20	

